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A VIEW OF THE CARIBBEAN
(Prepared as an input to the
Technical Review of the
Economic Commission for Latin America
and the Caribbean)
(ECLAC)

Prepared by:

Trevor Harker*
Regional Economic Adviser
for the Caribbean

*The author is employed by the United Nations and is engaged in various activities of the Caribbean Development and Co-operation Committee (CDCC). The views expressed are however his own and do not necessarily reflect those of the United Nations or of any CDCC Member Government.

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PREFACE

This paper is intended as an input into the policy review and evaluation currently underway within the Secretariat of the Economic Commission for Latin America and the Caribbean (ECLAC) of which the Caribbean Development and Co-operation Committee (CDCC) is a permanent subsidiary body.

The purpose of this exercise is limited to providing a brief description and analysis of certain aspects of the Caribbean and its place in the wider international community. It has both a general and a specific objective.

It is directed not to Caribbean people, for to them the facts will all be commonplace even if the analyses and opinions may not be shared, but rather to those less familiar with the historical, cultural and economic interrelationships of the diverse, yet similar small island states of the Caribbean. As a general objective it is directed therefore to those who have a 'continental vision' of development, in the hope that it might provoke some reflection on the assumptions which will need to apply to small, (and some very small) island states as they struggle to improve the lot of their peoples. The paper also has the more specific objective of reviewing the genesis and rationale for the CDCC from which it draws its definition of Caribbean, seeking to place it within the context of current and future regional developmental initiatives.

The author has benefited from the resources of the Economic Commission for Latin America and the Caribbean (ECLAC) including the comments of various staff members in the Caribbean Subregional Headquarters which have assisted him to complete this paper. Any errors, interpretations or opinions are however solely his responsibility.

THE CARIBBEAN DEVELOPMENT AND CO-OPERATION COMMITTEE

- ITS GENESIS AND EVOLUTION

The creation of the Caribbean Development and Co-operation Committee (CDCC) in November 1975 was a significant step in the evolution of Caribbean institutions. For not only did it initiate the process of dialogue and interaction between the countries of the wider Caribbean, but it provided an opportunity for them jointly to advance their relations with Latin America and, at the operational level, with the United Nations System.

As late entrants into the United Nations the English-speaking countries of the Caribbean found themselves a part of the regional system dominated by Latin American constitutional and political modes and perceptions with which they felt uncomfortable. Moreover, the developmental preoccupations of Latin America were not perceived to be identical to those of the small islands of the Caribbean.

Initial proposals by governments to the UN Secretary-General aimed at establishing an Economic Commission for the Caribbean were curtailed, following the creation of a Caribbean Office of the Economic Commission for Latin America and the Caribbean (ECLAC) located in Trinidad and Tobago to cover Jamaica, Trinidad and Tobago, Guyana, Suriname, Curaçao, Aruba and the then British Leeward and Windward islands. The Office became fully operational on 1 December 1966. Its main objective was to collect information about these territories in order to better understand the special characteristics and problems of small island states in the

Caribbean and so better represent their interests in the activities of the Economic Commission. The work programme of the Caribbean Office remained, however, essentially an extension of that determined for Latin America although with the focus in Latin America being oriented towards integration there was a great deal of scope to engage in activities that were currently of relevance to Commonwealth Caribbean countries since they were endeavouring at this time to find mechanisms for co-operation following the demise of the West Indies Federation. It therefore gave active assistance in the negotiations leading to the establishment of the Caribbean Free Trade Association (CARIFTA) as well as to the establishment of the Caribbean Development Bank (CDB). Other activities included much of the preparatory tasks for the implementation of the Agricultural Marketing Protocol, facilitating the creation within the CARIFTA of the East Caribbean Common Market (ECCM) made up of the then West Indies Associated States, the establishment of the Caribbean Investment Corporation (CIC), and preparatory work facilitating the further deepening of the trade integration process. Accordingly, the Office worked closely with the Commonwealth Caribbean Regional Secretariat on matters connected with the signing of the Treaty at Chaguaramas, bringing the Caribbean Community and Common Market (CARICOM), into being. Once these tasks were complete the Caribbean Office began to look towards fulfilling other longer term needs for co-operation in the wider Caribbean region.

In May 1975 the Sixteenth Session of ECLA was held in Port-of-Spain, Trinidad and Tobago. The then Prime Minister of the host country Dr. Eric Williams, recognizing that the Caribbean Office of ECLA needed

to increase the scope of its jurisdiction to more completely reflect the common interests and preoccupations of the Caribbean, and fearing that if the Caribbean did not further consolidate its efforts, it would run the risk of losing its identity proposed "the establishment of a Caribbean Council (sic) of ECLA to deal specifically with Caribbean issues and circumstances and to embrace all Caribbean entities from Belize to Cayenne, irrespective of political status". Based on this proposal Resolution 358(XVI) establishing the Caribbean Development and Co-operation Committee (CDCC) was prepared and co-sponsored by Cuba which also shared some of the concerns of Trinidad and Tobago. The Resolution which was adopted on 13 May 1975 defined the membership of the CDCC as those countries fully "within the sphere of action of the ECLA Office in Port-of-Spain and the Governments of Cuba, the Dominican Republic and Haiti and other Caribbean countries as they achieve independence". By the terms of the resolution the Committee would "act as a co-ordinating body for activities relating to development and co-operation". The Executive-Secretary of ECLA was accordingly asked "to co-operate with the governments concerned on matters within his competence on matters which are of concern to these countries, "..... and" to undertake studies and promote initiatives designed to strengthen the co-operation of the other member countries of ECLA and integration groupings of the Latin American region with the Committee ..."

The first meeting of the CDCC was held in Cuba from 31 October-4 November 1975. It was attended by the Commonwealth of the Bahamas, Barbados, Cuba, the Dominican Republic, Grenada, Guyana, Haiti, Jamaica

and Trinidad and Tobago as full members. Belize and the West Indies Associated States attended as Associate Members. At the meeting note was also taken of the fact that Suriname was due to achieve independence in November 1975 and would be entitled to full membership on admission to the United Nations. An Observer from the Netherlands Antilles was also invited to attend the first session. Resolution 1(I) of the CDCC subsequently invited the Associate Members and Observers present to attend all future meetings of the Committee.

In the Constituent Declaration of the CDCC the Ministers

"Recognizing that the Caribbean countries share a geographic, cultural and historic proximity that must be taken into account when establishing the forms and mechanisms for co-operation among them, and that they have also inherited similar economic structures and have similarities in the majority of social and economic problems they face" declared their political will to "carry out a policy for the optimum utilization of the available resources of the subregion, thus promoting its economic and social development and advancing progressively towards better co-ordination of their countries economies in the future". They stated further that "Based on recognition of the advantages of economic complementation, this policy will give impetus to co-operation among member countries, particularly in the implementation of joint projects, the exchange of experience and mutual aid, and through mechanisms - including trade - which will contribute to this end".

For a better understanding of the Institution that was being created it is useful to isolate a few of the important threads that were being woven into its backdrop, such as the OPEC oil price increase;

the Charter of Economic Rights and Duties of States; the Seventh Special Session of the United Nations; and the creation of SELA. These events manifested a confidence on the part of the developing countries in the mechanism of South-South Co-operation and the use of the solidarity deriving therefrom for North-South negotiations. At the same time, these events were perceived by the countries of the North with unease and policies of containment were being developed to counteract what was seen by some as the emerging "trade union of the poor".

In the Caribbean itself there were, on the one hand, moves to develop linkages with the newly rich and influential oil powers, particularly Mexico and Venezuela, and on the other, fears that the region was in danger of being dominated by powers either to the North or to the South of it. At the same time the language of the Declaration lead some existing institutions to fear that their role would be usurped or diminished by the new one. This is particularly true as ECLA has as its central theme the regional integration of Latin America, which is usually presumed to include the Caribbean. Moreover, the strategy subsequently adopted was to foster subregional integration movements with the ultimate objective of linking them. The CDCC was therefore perceived by some as a mechanism for integrating all the Caribbean prior to its incorporation into Latin America but by others as a means of harnessing the unique Caribbean experience for functional co-operation precisely to guard against its incorporation into Latin America. It should also be noted that the idea of integration was not universally supported even by the members of CARICOM.

The scope of the CDCC work programme was fixed at the first meeting. At that stage the perception of the CDCC was one of promoting greater co-operation between the member countries themselves and of ensuring a better co-ordination of the inputs of technical assistance from all its various sources. The CDCC assisted by the Secretariat was therefore being empowered to carry out two basic tasks. It was mandated to co-ordinate the inputs of the various technical assistance agencies within a conceptual framework to be defined by the ministerial sessions. It was also expected to foster co-operation between the Members, Associate Members and Observers of the Committee. The Secretariat was expected to provide the necessary substantive inputs whenever necessary. The debate on the work programme therefore centered around making the areas of co-operation and co-ordination as complete and all embracing as possible. At that stage no project-oriented work programme was envisaged.

Subsequently, emphasis tended to shift from the task of co-ordination, the success or failure which was often difficult to measure, and which also ran into difficulty with the specialized institutions having separate and sometimes conflicting mandates with the CDCC, to focus on co-operation as a yardstick by which to judge CDCC performance. The mechanism by which co-ordination of the outputs of the UN system was to take place, the interagency meeting which was scheduled to be held after each CDCC meeting was convened twice, but did not have the intended effect, partly because of the difficulty experienced by individual governments in maintaining consistent policies from one forum to another. This was due to a lack of effective internal co-ordination on foreign economic policy issues as advanced by the Departments of Finance, Planning, Trade

and Foreign Affairs but also in lesser degree between the departments responsible for social matters such as Health, Education and Culture. In sum the co-ordination of external developmental agencies was not effective through the CDCC because a necessary pre-condition - the co-ordination of national government policy internally, which should have taken place between the various ministries operating in the international arena - was not itself satisfied. Inconsistencies created confusion and conflicting mandates, and agencies tended to revert naturally to instructions emanating from their own intergovernmental forums.

Secondly, the secretariat was not able to assist the governments in the task of co-ordinating technical assistance inputs since the post of co-ordinator remained unfilled for long periods of time and even when an incumbent was in place he was seldom able to maintain the necessary degree of dialogue with the governments on the one hand, and with the agencies on the other. But in any case this task would not have been possible without determined and consistent government support in all the relevant forums. While some attempt is made through the Caribbean Group for Co-operation in Economic Development the CGCED, to co-ordinate donor country inputs at the national level the task of co-ordinating the regional inputs from the international agencies remains unfulfilled. The CDCC still provides the only forum for this task because of its universal membership and multidisciplinary nature, but its potential will not be realized until enough CDCC governments are able to co-ordinate and systematize their own foreign policy.

In the absence of co-ordination, focus was therefore placed on co-operation. But while South-South co-operation was regarded as a necessary part of the process of development by a few people it was regarded by many more as a tactic to strengthen the negotiating capacity of the South in the North-South dialogue and a shift in emphasis in this direction was to be seen over time. The shift was caused by a number of factors. It became clear that the OPEC cartel was not easily repeatable. It also became clear that the developing countries, particularly the middle income oil importing developing countries, were being hardest hit by OPEC, which in turn was not using its resources for effective South-South co-operation since the petro dollars were being recycled in the form of short term - high interest loans. As the industrial countries experienced recession, countries of the South focused attention on their sources of hard currency earnings in the North and became preoccupied at the same time with domestic policies. The focus therefore shifted to domestic preoccupations and to the negotiations with the North. TCDC and ECDC were therefore relegated in order of importance on the international agenda as the short term took precedence over the medium and long term. In this scenario the international agencies were soon to be judged by the speed with which they were able to transfer resources, either material or technical.

The focus by governments on more operational project type activities growing out of the CDCC work programme placed it at variance with the activities defined by the Economic Commission as a whole. As a result the Secretariat had to face two sets of mandates, one for which it had to be answerable in person to ministers on an annual basis. The scope of the work programme, defined in the first place for the task of co-ordination,

assumed more daunting proportions once it needed to be operationalized, and implemented by a small staff with severely limited resources.

The quest of the CDCC in the last five years has been one of trying to ensure its relevance in the face of the changing needs and demands of its members. Its secretariat has in turn had to try to secure some freedom from its headquarters in the sphere of policy, in order to make its work programme harmonize with these changing demands and perceptions, while at the same time struggling to obtain the resources needed to fulfil the greater demands made upon it.

After 18 years the two distinct but interrelated objectives of the Subregional Headquarters of ECLAC in Port-of-Spain remained; to ensure a Caribbean input into the United Nations on the one hand, and to create a functionally relevant programme for itself on the other. These objectives reflect the quest of Caribbean governments for a UN Institution with a Caribbean identity and relevance which caused the Caribbean Office of ECLA to be established in 1966, and which subsequently motivated the establishment of the CDCC nine years later. It is noteworthy that this quest remains as urgent as ever and derives from the different and conflicting bases upon which the Office was founded; as an agency for preserving the Caribbean consciousness and integrity, on the one hand; and, as an agency for introducing the Caribbean into Latin America, on the other. The difficulty in arriving at a common set of activities reflects the different perceptions as to the potential and orientation of Caribbean development, as seen from the Caribbean perspective on the one hand, and from Latin America with its 'continental vision' on the other.

THE CARIBBEAN - ITS STRUCTURAL REALITY

Any discussion of the Caribbean immediately prompts the question: "Which Caribbean?". For since the 15th century the region has been the victim of intense colonial rivalries between the Dutch, English, French and Spanish and has witnessed the introduction of European, African and Asian peoples and their cultures to be superimposed on the indigenous Amerindian peoples. The resulting politico-cultural ferment has fragmented the region in such a way that the quest for a sense of community may be predicated on any number of premises.

In this discussion we define Caribbean as those participants in the Caribbean Development and Co-operation Committee, for the most part island territories with the exception of three countries, Belize, Guyana and Suriname which nevertheless manifest many of the characteristics of 'islands in Latin America looking toward the Caribbean'. While the foregoing is a political/institutional definition the area of delimitation manifests sufficient socio cultural similarities to lead Charles Wagley^{1/} and others to typifying it as 'Plantation America' as distinct from Euro-America or Indo-America. These aspects will be developed later.

It is clear that despite the cultural similarities the CDCC is not a homogeneous group and for the purpose of political analysis varying degrees of community can be discerned within that grouping. A typology of concentric circles is perhaps a useful way of perceiving the varying degrees of interlinkages which exist among its members.

The Organization of Eastern Caribbean States (OECS) would be placed in the innermost concentric circle. It comprises eight very small English-speaking countries in a treaty arrangement embracing Foreign Affairs, Defence and Security, and Economic Affairs and was established in June 1981. The member countries are Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Christopher/Nevis, Saint Lucia, Saint Vincent and the Grenadines, and the British Virgin Islands. Antecedents to the OECS include previous attempts at federation in the mid-1960s when the "little eight" was envisaged to include Barbados (with which a special relationship remains in the area of collective security). Subsequently, the West Indies Associated States (WISA) was found and the East Caribbean Common Market (ECCM) came into being in July 1968. The latter now continues under the aegis of the OECS which has also absorbed other functional agencies into the grouping such as the East Caribbean Central Bank (ECCB), the East Caribbean Tourist Association (ECTA) and the Caribbean Civil Aviation Authority (CCAA).

The supreme organ of the OECS is the meeting of heads of government with a central secretariat empowered to implement the mandates of governments. The most populous member has a population of 120,000, the largest in area being 290 square miles. The grouping as a whole includes 550,000 people and approximately 971 square miles of territory scattered over many islands and cays. In 1980 the average GDP/Capita for the OECS was \$640.

All member states have constitutions based on the Westminster Parliamentary Model with freely formed political parties competing for office at regular intervals, on a basis of universal adult suffrage.

There has traditionally been a high degree of mobility of people and goods between the islands of the OECS, and with this has grown ties of economic interdependence, familiarity and kinship.

Because of their very small size and the fact that many of them are multi-island states there is universal concern about the vulnerability of their territorial integrity primarily through secession and to external forces including mercenaries. Of perhaps more immediate concern, however, is the threat to the integrity of their marine space.

The intention to develop close security relationships and joint diplomatic representation is not therefore so very difficult to understand when seen in this light and has a better chance of success than similar initiatives which were attempted at the wider grouping of CARICOM. One of the major purposes and functions of the OECS is to "promote unity and solidarity among the member states and to defend their sovereignty, territorial integrity and independence".

In so far as the provisions of the ECCM are concerned the format and conditions relating to the movement of goods within the ECCM are similar to those which apply within CARICOM, (of which the ECCM countries are also a part). In so far as the movement of persons, services and capital are concerned the ECCM makes provision at the outset for much greater factor mobility although in the administration of these provisions this potential has not been realized.

The second concentric circle would encompass the previously mentioned OECS but also include Barbados, Belize, the Commonwealth of the Bahamas, Guyana, Jamaica and Trinidad and Tobago, a constellation comprising the CARICOM. This grouping encompasses a population of about

5.5 million people with an average per capita GDP of approximately \$1,600 in 1980. There is however, some variation in wealth between members with Trinidad and Tobago having a per capita GDP of \$3,324 in that year and Saint Vincent having about \$368. As a result of these disparities provision is made in CARICOM for special treatment to be accorded to the Least Developed Countries (LDCs) which include the OECS countries and Belize.

The three basic objectives of CARICOM are:

- a) Economic Integration (through the Caribbean Common Market;
- b) Functional Co-operation; and
- c) Co-ordination of Foreign Policies.

The degree of interlinkage in CARICOM is not as great as that envisaged in the OECS. These limited expectations are conditioned by memories of the failure of the Caribbean Federation which focused on a political structure at a time in which island nationalism was on the increase. But even the economic focus is limited. A careful reading of the treaty shows that CARICOM is not a common market in the pure sense since there is no free movement of factors, neither of capital, of labour nor of products.

The proportion of interregional trade to total trade was nearly 9 percent in 1982 but major elements of the plan to increase trade such as the Agricultural Marketing Protocol (AMP) have not met with the success envisaged. The Common External Tariff (CET) while not yet adopted by all is of limited consequence even when applied, since the national governments can unilaterally set tariffs on most raw materials,

intermediate goods and capital goods. But the greatest single constraint to trade is the balance-of-payments situation of some members, and because of this CARICOM trade had ceased to grow since 1975. The CARICOM Multilateral Clearing Facility (CMCF) which was established in 1979, was suspended in 1983 as it ran short of liquidity.

Despite great efforts by the CARICOM Secretariat policies to programme industrial activity based on efficiency criteria have not generally been accepted by governments.

The record in the field of functional co-operation is better and extends to health, education, the University of the West Indies and the Caribbean Examination Council (CXC), technical assistance substantially through the Caribbean Development Bank (CDB), information, through the Caribbean News Agency (CANA), and culture through the biannual Caribbean Festival of Arts (CARIFESTA).

The co-ordination of foreign policy is a relatively late starter in CARICOM and has had some success, despite strong nationalism, because there exists a solid consensus on a number of fundamental issues such as Apartheid, the Law of the Sea, the territorial claims on Guyana and Belize, ACP/EEC negotiations. Moreover, in the multilateral forums Caribbean perceptions are almost identical.

Whatever the difficulties experienced in the establishment of CARICOM there is a sense of community which derives from common historic, ethnic, cultural and constitutional roots and provides the basis for its solidarity. Indeed the Treaty of Chaguaramas begins with an expression of determination by heads of government "to consolidate and strengthen

the bonds which has historically existed among their people". It may be that the potential for achieving this goal in the economic realm is limited, but these basic sentiments are strong and enduring although they may have to find a full flowering in other areas.

The CDCC would form the third concentric circle and to the CARICOM countries would be added Cuba, the Dominican Republic, Haiti, the Netherlands Antilles, Suriname and the British and U.S. Virgin Islands. It incorporates 20 countries with a population of approximately 28 million people covering a cumulated land mass of approximately 630,000 sq.km. or a population similar in size to Colombia in a land area somewhat less than Chile. In this grouping the level of heterogeneity increases further with the inclusion of new cultural linguistic constitutional elements deriving from the fact that while CARICOM states were ex-British colonies the CDCC incorporates the former colonies of the Spanish, French and Dutch empires. But while the competition between these empires lead to political and cultural fragmentation there were common unifying themes and similar experiences which form the basis for a belief in the existence of a Caribbean society and culture.

Charles Wagley has labelled this area 'Plantation America' which he distinguishes from Euro-America or Indo-America. Its common features include mono-crop cultivation under the plantation system, rigid class lines, multi-racial societies, weak community cohesion, small peasant groups producing for subsistence. Culturally there are similarities in all the states in production techniques, marketing arrangements, cuisine, music and dance, folklore, religious cults, traditions, values and beliefs. Other common experiences derive from the institutions

of slavery, the struggle for land of the newly freed slaves and the chronic distrust of authority which survives until the present. Subsequently, all entered into a process of rejection of colonial rule, suffered the legacies of racial admixture in complex race patterns, and currently face the future with common problems, economic as well as social. They currently produce many of the same products in the same ways and compete internationally for the same markets. In the eighties they face the same problems of adjustment to the changing external environment which impacts upon them in the same ways. Therefore, as the process of decolonization plays itself out there is the temptation to look inward within the Caribbean to one's neighbours for understanding, to seek solutions to common problems, and for a sense of identity. In this regard it is noteworthy that Haiti, the Dominican Republic and Suriname have sought a greater level of participation in CARICOM and the newly emerging Netherlands Antilles looks to the Caribbean for a possible future orientation.

The fourth concentric circle would extend to the countries on the periphery of the Caribbean Basin, Colombia, Costa Rica, Guatemala, Honduras, Mexico, Nicaragua, Panama and Venezuela and while these countries are not the focus of this paper linkages with CDCC countries are of some importance and derive mainly from the economic influence of Mexico, Venezuela and Colombia and also to Venezuela, in the case of Trinidad and Tobago. CDCC states with an Iberian heritage will also have developed linkages with these basin states.

The foregoing discussion, while useful to illustrate the varying levels of linkages existing between groups of states in the region also has implications for the programme of activities of the CDCC itself, since it is clear that activities requiring a high level of consensus for their acceptance will have a better chance of being adopted by the OECS than the CDCC as a whole.

The typology also needs to be modified in some ways to take into account various other elements such as creole English/French and English/Spanish groups which exist in some CARICOM states and provide additional linkages to the non-English speaking areas.

The focus of this discussion will be placed on the 20 participants in the CDCC although it will need to be borne in mind that in the fullness of time potential exists for at least five new entrants to this institution.

Aside from the question of size the most significant factor common to CDCC countries as a whole, is the level of openness of these societies. For reasons of size, resource endowments and history, Caribbean economies are open. They are highly dependent upon trade and therefore susceptible to the vagaries of the international economic environment. As a result they have, given their limited means, developed a relatively sophisticated set of linkages and arrangements with the outside world and the attitudes developed through these contacts permeate areas other than the purely economic.

The Caribbean and Its External Relations

The use of the concept of concentric circles while useful to describe linkages within the Caribbean does not find as easy accommodation when used to describe its external relations. For these are governed by a network of political, social and economic factors as they have evolved through time. Since the history of the region is intimately related to the colonial wars of the British, Spanish, French and Dutch it is not therefore surprising to find that significant linkages deriving from the past remain with Europe, through economic arrangements, political constitutional forms, and also in social relations, as significant Caribbean communities have developed in these countries. But in the twentieth century the focus of the Caribbean has slowly shifted, so that by the 1980s, relations with North America constitute the chief preoccupation of all the states in the subregion.

While all the countries being discussed were colonies, and in some cases were the possessions of successive European empires as determined by the vicissitudes of war, the nature and the duration of colonialism differed, as did the means by which they gained independence. Thus Haiti seized its independence from the French as early as 1804; the Dominican Republic, after a period of Haitian control, in 1844; and Cuba, in 1898. The English, French and Dutch islands remained under colonial control until the 1960s when the process of British decolonization began. Nevertheless, a colonial presence remains, since the French,

British and Dutch still retain territories in the region. But since the United States regarded the Caribbean as strategically important Cuba, Haiti and the Dominican Republic came under the control of that country in the early twentieth century and as British influence has waned the interest of the United States has increased to fill the gap in her former colonies.

The 'plantation' arrangements whereby the colonies produced tropical agricultural products for the European metropolises had also somewhat different effects from one island to another. In the case of Haiti it was terminated at a relatively early stage and after severing her political links with France transferred her productive apparatus essentially for domestic consumption. Many of the pressures of the international economy were subsequently not felt and internal economic development proceeded on a different path.

In the Spanish colonies where the 'plantation' system was first developed Spanish preoccupation soon shifted to the mainland, relegating Cuba, the Dominican Republic and Puerto Rico to the role of providing waystations for the transit of minerals to Spain. The subsequent re-emergence of the plantation did not co-exist for long enough with Spanish jurisdiction to allow any significant economic integration with Spain so the full flowering of the plantation in Cuba and Puerto Rico in the 1930s came about due to American investment and technology. Links therefore developed with the United States of America and by the end of the nineteenth century United States investment in the Cuban sugar industry already exceeded thirty million dollars some of the largest and most up-to-date plantations being owned by the United States.^{2/} By the 1930s United States investment in Cuba was estimated

to be \$666 million.^{3/}

It is in the British, French and Dutch territories however that the vertical linkages with the respective empires became strongest so that one witnessed a situation where crude materials were imported from the West Indies to Europe for processing and subsequently re-exported to the same territories as finished products. This process of integration into the European economies continued to the present in the case of French and Dutch islands, and did so in the British islands up until the Second World War when as a result of a combination of circumstances including depressed living conditions, developing island nationalism, and the depleted power of Great Britain, the process of decolonization began to play itself out.

The history of the Caribbean is also characterised by massive movements of people and these movements have had a significant impact on Caribbean external relations. Initially migration was characterised by an inward flow of European colonists, then a vast trafficking in slaves to serve the developing plantation system, and following the abolition of the slave trade, indentured labour from Asia. In the twentieth century the inward flow of immigrants to the Caribbean declined to be replaced by an internal movement of people as the plantation system declined in the older colonies and grew in Cuba and the Dominican Republic. As a result, one witnessed an inflow of 217,000 workers to Cuba from Haiti, Jamaica and Puerto Rico from 1913-1924. In 1920 alone 63,000 workers moved from Haiti and Jamaica to Cuba.^{4/} The growing sugar plantations of the Dominican Republic also depended on migrant labour, mainly from Haiti but also from Jamaica and other British territories. Many of these workers remained. Between 1905 and 1913 a

constant work force of 35,000 was needed to construct the Panama Canal, workers recruited mainly from Jamaica and Barbados throughout the period.^{5/} Many of them remained on the mainland moving along the North East Coast of Central America to form English-speaking enclaves in Central America, or eventually drifting onwards to the United States.

After World War II the patterns of migration changed, so that large waves of unemployed British West Indian workers emigrated to the United Kingdom. It is estimated that in the period 1951-1961 about 280,000 people from the British Caribbean moved to that country.^{6/} Even after the Commonwealth Immigrants Act was passed in 1962 the flow continued though somewhat abated as early migrants transferred their families and kin. Similar patterns were to be noted in the Netherlands. By 1975 it was estimated that 135,000 Surinamese lived in the Netherlands,^{7/} about 37 percent of the Surinamese population at that time.

As a result of changing migration policies after 1965, the major destination for British West Indian migrants switched to North America, the United States and Canada. It is estimated that between 1950 and 1972 100,000 British West Indians migrated to Canada, and 200,000 entered the United States legally, in addition to the estimated 150,000 who did so illegally.^{8/} There is also the phenomenon of the seasonal farm worker to be considered about 12,000 of which migrated in 1981, a typical year, for seasonal farm work.^{9/}

Between 1970 and the present the tempo of migration has been sustained with the modification that most migrants are now skilled workers. In 1978 44 percent of the total number of migrants to Canada and the United States from Jamaica fell into the category of white-collar workers.^{10/} While figures were quoted for the British Caribbean, migrations from Haiti and Cuba are even more dramatic, and widely publicized, and sizeable communities of these Caribbean peoples are to be found in North America. For the period 1960-1978 approximately 900,000 Caribbean migrants entered the United States, 18 percent of all its migrants.^{11/}

Cuban migration patterns manifest somewhat different paths, primarily for political reasons. Between 1958 and 1973, the departure of a major portion of the skilled workforce until legal channels were closed, is well documented. Some indication of the pressures to migrate which developed subsequently can be seen by the fact that from April-September 1980 over 125,000 Cubans arrived in the United States before the Port of Mariel was closed, and Cuban authorities estimated that a further 375,000 would subsequently seek authority to leave.^{12/} In Haiti post-war migration took a major leap with the departure of many of the middle class intellectuals and professionals wishing to improve their economic prospects as well as to escape the social and political pressures of the Duvalier regime. It is estimated that 75 percent of the professional and skilled technical personnel may have left Haiti since 1950 for Canada, France, and the United States.^{13/} Subsequent attempts by the unskilled boat people to

migrate to the Bahamas and the United States are also well documented though an estimate of the numbers involved is vague. It is however estimated that about 450,000 Haitians currently live in the United States.^{14/}

In summary the rate of migration of all Caribbean people to the United States in recent years is high.

It is estimated that about 15 percent of the total Caribbean population lives in the United States^{15/} and this figure would be significantly higher for North America as a whole since it is estimated that from 1971-1979 about 107,000 persons migrated from the Caribbean to Canada. Moreover these trends are expected to continue despite tightening immigration policies in the recipient countries.

Migration has been discussed in some detail because it is a significant factor in Caribbean external relations, both officially and at the grassroots of the society, and since it has significant social, political, economic, and cultural impacts in the region. The impact is increased since in most countries migration is not regarded as a permanent exile but rather a temporary expedient to improve the life style in line with North American or European patterns. In fact for some Caribbean people migration is seen as a means of extending the frontier of their economic space, a frontier in which they continue to move freely. So, remittances from nationals abroad represent a significant source of foreign exchange earnings for most Caribbean societies, and many migrants have enterprises operating simultaneously in North America and the Caribbean. Many of them return to the Caribbean as pensioners and therefore make provision for their retirement throughout their working lives. Interaction between Caribbean persons in the metropolitan countries and

those in the Caribbean is therefore continuous and intense and the perceptions of those receiving remittances from abroad are sharpened as to the benefits of earning hard currency.

In terms of political and economic influence some links still remain with Europe. The socialist international still retains links with kindred social democratic parties in the Caribbean and helps to shape and sustain the values of this group. European investment in the Caribbean remains sizeable. The French and Dutch military presence is focused mainly in Guadeloupe and Curaçao respectively, and a significant United Kingdom military base is located in Belize. But the real power of the United Kingdom in the Caribbean began to wane with the decline of the British Empire after World War II, and is more or less absent now that most former British territories have become independent. Institutional links based on this colonial heritage still remain, however, in the form of Commonwealth relationships and an attachment to certain inherited constitutional norms. The linkages with the migrant community in the United Kingdom still remain although this is weakening.

An echo of historical economic linkages with Europe remains in the Lomé agreements which the Caribbean islands have with the EEC and which makes provision for inter alia preferential access to EEC markets, financial and technical co-operation and a scheme to compensate Caribbean countries for fluctuations in the earnings of their exports, mainly sugar and bananas, to the EEC (STABEX).

It is the ascendancy of the United States, however, in both political and economic terms that leaves the most lasting impression.

By the end of the nineteenth century the prevailing belief in the United States was that it was destined to dominate the Hemisphere. The argument for Caribbean control was sometimes rationalised to the Europeans

by stating that the Caribbean was analogous to the 'American Mediterranean'. It was therefore United States policy to remove the European powers, beginning with Spain, from the Caribbean.

By 1898 Spanish political power in the Caribbean was at an end, Puerto Rico passed to the United States and Cuba gained its independence, though under the surveillance of the United States. Subsequent United States interventions in Cuba, Haiti and the Dominican Republic were made on the rationale that she needed to ensure good government in the area i.e. of being the regional policeman.

In economic terms the dominant force in the Caribbean in the twentieth century was also the United States. As the older sugar producers declined it was Cuba and the Dominican Republic with United States investment and technology that took the lead in sugar production. And as production shifted to bananas it was the newly emerging United States multinationals that dominated. United States dominance was complete by the time it moved into the field of minerals. Political and economic interests became inextricably linked.

In outlining some of the more significant points in Caribbean political economic and social relations with the metropolises one notices a shift in emphases from Europe to North America. This assertion needs however to be qualified for the case of Cuba. Since Fidel Castro came to power, one of his objectives has been to try to reduce United States influence in Cuban policy. In an attempt to do so however it was found necessary to become a member of the CMEA in 1971, and to integrate the Cuban economy into the common market of the Eastern European Socialist Bloc. Moreover such policy has had the effect of creating a sizeable Cuban community in Miami which still has strong links with their kin in Cuba. It would probably not be an overstatement to say that Cubans

and Americans are just as preoccupied with each other as at any time in this century.

The United States for its part is becoming increasingly preoccupied with the wider Caribbean which is still regarded by some as its mediterranean. In the last 20 years developments in Cuba have made it increasingly concerned that no other territories fall into hands that the United States might regard as hostile. This concern is due in part to a changing perception about its 'southern flank' i.e. the Caribbean and Latin America, the security of which is assumed to be fundamental to United States strategic thinking since the beginning of the twentieth century, but which has been challenged recently. This security is important to the United States since 50 percent of all its foreign trade, tonnage and crude oil imports pass through Caribbean sea lanes. The Caribbean Basin is also assumed to constitute a significant reservoir of strategic raw materials for the United States. Finally, the agglomeration of small islands and cays in the Caribbean, complicates the task of safeguarding these sea lanes, especially if in unfriendly hands and also of protecting the Panama Canal which is itself of crucial strategic importance to the United States since it provides the only sea link between its east and west coasts.

The uncontrolled flow of people from the Caribbean is also of concern to the United States. This flow tends to increase in countries where political or economic instability exists. The Caribbean is said to constitute the second largest source of illegal immigrants, after Mexico.

Because of its size and the assumption that it could be taken for granted there has tended not to be a co-ordinated and consistent policy towards the Caribbean. Perhaps this policy is about to change. The

Caribbean Basin Economic Recovery Act (CBI) while significantly weakened as it passed through the legislative process, was an attempt by the United States to provide an integrated package of trade, investment and financial measures for Caribbean countries. It went further however in requiring that certain conditions be met by the recipient countries. These conditions relate to such diverse fields as their political affiliation, their treatment of United States investments, drug control, copywrite, financial information, extradition, trade policies and trades union policy, all areas in which the United States has in the past tried, in a haphazard way, to exert control. The provisions of the Act apply to all CDCC countries who wish to participate and who meet the criteria, except Cuba.

The CBI had originally been intended to include other "donor" countries besides the United States of America. In the initial discussions Canada, Mexico and Venezuela had also been asked to participate and had in fact done so but have not participated subsequently. In this sense the CBI might have been expected to take the concept of the Caribbean Group for Co-operation in Development (CGCED) a stage further.

The CGCED, which is administered by the World Bank (IBRD) and meets in Washington is essentially a forum whereby donors and recipients meet to discuss technical and financial assistance needs, and is an attempt to rationalise the overlapping assistance programmes which had evolved from the previous colonial development programmes. Aside from the traditional bilateral donors the participation of other agencies, active in the Caribbean, such as the IMF, UNDP, IDB, ECLAC, CARICOM and OECS secretariats, is also to be noted.

The Caribbean and its relationships to the
Third World

Caribbean traditional links with the Third World derive mainly from the fact that large quantities of workers first in the form of slaves and later as indentured workers were transported to the Caribbean from Afro-Asia. The negro slave trade is considered by some historians to be one of the greatest migrations in recorded history.^{16/} While precise figures regarding the slave trade are hard to come by, the orders of magnitude are illustrated by the estimate that between 1700-1786 Jamaica alone received 610,000 slaves and between 1680-1776 Haiti and the Dominican Republic received 800,000.^{17/} In the period 1838-1918 indentured immigrants from Asia constituted the bulk of new entrants to the work force, estimated for the English-speaking Caribbean countries but mainly Trinidad and Guyana to be 425,000.^{18/} The five-fold increase in the population of Trinidad and Tobago between 1844 and 1911 is due primarily to East Indian workers.^{19/}

In both these phases the psychological links with the homelands were strong. The slaves were in fact kidnapped and removed against their will from Africa to labour under appalling conditions in the Caribbean. The East Indians travelled to the Caribbean with the objective of returning home and approximately 20 percent of them did so. Particularly among the slaves and ex-slaves the desire to return to Africa was strong and has remained in various politico-religious attitudes to the present time from Marcus Garvey to Rastafari. In fact some Caribbean intellectuals also moved to Africa making significant contributions in that continent in the process. Interestingly

the English-speaking Caribbean people moved to British Colonial Africa and the Haitians to French/Belgian Colonial Africa. The East Indians remaining in the Caribbean continued to preserve their culture and to follow the political and social developments in their homelands.

As the process of British decolonization proceeded with India in the vanguard, to be followed closely by West Africa, emerging nationalist political élites in the Caribbean looked to leaders in these regions for example and for encouragement. And so paradoxically it is through the empire, and its affiliation with the Commonwealth, that the English-speaking countries of the Caribbean entered into its first institutional linkages with Afro-Asia. But for those who could not identify with either Africa, Asia or Europe, for example the growing body of mulatto élites who were not accepted anywhere, for those impatient of any colonial linkages, and for those attracted to the concepts of social justice advocated by the British Labour Party and the international socialist movement the non-aligned movement, provided a comforting haven since its concern with de-colonization, development, social justice, racial equality were also the pre-occupations of newly emerging Caribbean states. The founders of the movement Nehru, Nkrumah and Tito were already familiar to Caribbean leaders. Thus it emerges that while regionally contiguous to Latin America, in its international relations with the Third World, the Caribbean has tended to have a more comprehensive set of linkages and share a greater agenda of consensus with Afro-Asia.

Relations with Latin America while no doubt extensive under the Spanish empire declined somewhat in the twentieth century with the decline of Spain and the emergence of the United States as the dominant force in the area. It has only re-emerged as an important aspect of Caribbean foreign relations since Cuba sought to distance herself from the United States and gain allies in Latin America on the one hand, and since the English-speaking countries emerged into independence and were required to take responsibility for dealing with contiguous states. In both cases initial relations had a negative impact though for different reasons.

In the case of Cuba, the initial search for like minded countries in Latin America was unrewarded and policy therefore shifted to one of supporting revolutionary groups sympathetic to Cuba. This had the effect of further isolating Cuba from the constituted regimes reaching a nadir in 1964 with her expulsion from the OAS. In the 1970s Cuban efforts, in accordance with the global policies of détente, shifted towards finding acceptance in the Latin American community and this was achieved, by her re-acceptance into the Latin American Group, the establishment of diplomatic relations with several countries, the lifting of OAS sanctions against her in 1975, and her full participation in SELA. Subsequent policy towards Latin America has been to try to secure the broad based gains of the 1970s, while increasing her support to those forces likely to create stronger bilateral alliances with Cuba in the future.

In the case of the English-speaking Caribbean relations with Latin America were conducted in a more defensive vein. In the first case territorial disputes existed between Guyana and Venezuela that denied Guyana full participation in the Inter-American System. Border disputes between Belize and Guatemala also retarded the process of Belize's move to independence. Both border disputes have mobilized CARICOM countries as a bloc against these Latin American states. The delimitation of fishing zones in the case of Trinidad and Venezuela and also between Jamaica and Colombia and Nicaragua provide further irritants while the delimitation of marine space has also lead some East Caribbean States to re-examine the validity of the Venezuelan claim to Bird Island, off the coast of Dominica, since it greatly reduces any right they may have to the economic resources of the Caribbean Sea.

At the same time the tempo of economic relations between the Caribbean and Latin America (primarily Mexico and Venezuela) quickened in the 1970s, due mainly to the fact that Caribbean countries, dependent on petroleum for energy, were entering into a period of financial stringency brought about by the same factor which contributed to the new wealth of Mexico and Venezuela. Thus in the nineteen seventies Venezuelan initiatives in the region were consolidated under the Programme for Co-operation with the Caribbean-PROCA- and the special fund for the Caribbean, and numerous bilateral agreements were signed with Caribbean states. Similarly Mexican bilateral co-operation agreements were signed in the 1970s with most Caribbean states, and with CARICOM, and Mexico joined the CDB as a contributor. The San José

accord of August 1980 linked Venezuela and Mexico to provide assistance to Jamaica, Barbados and the Dominican Republic through an oil facility which transformed 30 percent of the recipient countries' oil bills into credits. Although these agreements provided short-term assistance to Caribbean states in acute financial difficulty they also served notice of newly emerging middle powers in the Caribbean region. While emphasis is placed on Mexico and Venezuela relations with Colombia and Brazil have also been developed.^{20/}

At the multilateral level Caribbean/Latin American relations have also been conducted through the Inter-American system, the Economic Commission for Latin America and the Caribbean (ECLAC) and the Latin American Economic System (SELA).

The Quest for Economic and Social Development

Historical analysis shows that Caribbean countries have been linked economically with Europe since the sixteenth century, and with North America since the beginning of the twentieth century. The relationship has been one whereby the Caribbean specialized in the production of a narrow range of Agricultural staples for export to these countries and in turn imported manufactured articles from them. As a result the Caribbean has been vulnerable to the fluctuating prices of one or more internationally traded commodities with the attendant boom and slump conditions over which small producers had no control. Moreover, the region has had to cope with declining terms of trade, partly due to the fact that as their export staples moved through the product cycle, lower rents could be earned from them as they became mass consumption articles and new and more efficient producers were identified. So, not only did this style of development mean that export earnings were erratic but they tended to decrease in purchasing power over time.

The export sector despite the risks involved was nevertheless remunerative and history is vivid with stories of the profligate spending of the Caribbean planter following periods of boom as he besported himself in London, Paris or Madrid. At the same time, the conditions of poverty under which the small peasant had to live while producing domestic food crops, threw into sharp relief the dual nature of these economies. Dualism was reflected, not only in the relative scales of remuneration but also in the modes of organization, levels of technology, access to capital and consequently output per worker.

In sum, while it was clear that surpluses were being generated the capacity to use these surpluses, to generate new productive capacity and so reduce dualism seemed to elude the policy-maker.

Emerging nationalist élites facing these inequities, and they were endemic in all Caribbean states, sought to ascribe them to historical causes either to British colonialism in the English-speaking countries or to American Imperialism in the case of those that were already independent. Thus in the case of Cuba, perhaps the classical case of dualism with great disparities of wealth and uneven progress towards modernization, 'Yankee Imperialism' was blamed and a development path was chosen for Cuba after 1959 that would sever the economic links with the United States and hopefully at the same time the inequities in the society by reducing the dominance of export oriented 'King Sugar' which provided the focus of all the ills of dualism.

It soon became clear to the new élites in Cuba that sugar was Cuba's main source of foreign exchange upon which the society depended to provide all those necessities not locally produced. Moreover, the dramatic and decisive boycott of trade by the United States did not permit the illusion to grow that Cuba could survive in a closed economy model. While, therefore, attempting to diversify its productive structure it had the additional problem of re-orienting the direction of its trade. In 1958, 68 percent of merchandise trade was conducted with the USA and less than 1 percent with the USSR. By 1965 Cuban trade with the US was almost nil but had grown to 48 percent with the USSR. By 1982 trade with the USSR accounted for 67 percent of total Cuban trade and trade with the US accounted for less than one-tenth of 1 percent. ^{11/}

In the English-speaking Caribbean the policy-maker in newly independent societies had to grapple with the worst effects of dualism and a rapidly rising unemployment. Sir Arthur Lewis^{22/} provided a plausible model which explained how the capitalist modern sector (which in the Caribbean case would be based on manufactures for export) could grow while absorbing the surplus labour of the non-capitalist subsistence sector. The transfer of labour would take place since the wage rate would be higher in the more productive sector. As the capitalist manufacturing sector expanded surpluses of capital would be created to generate new investment until there was no longer an excess of surplus labour. While a number of assumptions were made in the model, which were not met in the real situation, the theory was extremely attractive to Caribbean governments, and with subsequent adaptations made from the 'Plantation School', forms the basis of policy until the present.

The second major theme among economists of the English-speaking Caribbean was the 'Plantation School'. It held that the Plantation system, which had developed under colonialism, had certain characteristics: it produced agricultural crops primarily for export, using unskilled labour but with a core of supervisory/managerial skills.^{23/} But it was more than a mode of production since it organized the social patterns of its participants and conditioned their psychological processes. In its spatial dimension it was a social system in the territory in which it operated, and an economic system which linked the territory in which it operated with the wider world community, through its export orientation

and foreign ownership. A plantation economy was one in which "the internal and external dimensions of the plantation system dominate the country's economic, social and political structure and its relations with the rest of the world."^{24/} The model also linked trade with exploitation and plunder and seemed to imply that development could only take place with closure.^{25/} All countries in the Caribbean, were deemed to be plantation economies. It was held that while the initial benefits of the system were sufficient to move an economy from a state of undevelopment to under-development it was never enough to permit a move beyond under-development, since it denied the majority of people a real stake in the country, and created a legacy of dependence which demotivated them. To break out of this trap it was considered necessary to dismantle the plantation system; establish a greater degree of closure in the economies; achieve a higher level of national ownership of land and capital assets; and, achieve regional economic integration.^{26/}

Finally the Cuban model has had some influence on Caribbean élites particularly as regards the question of public ownership, the role of the state, and the possibilities of diversifying the traditional patterns of trade. Its attempts to alleviate the worst effects of dualism through the provision of better education and health care and its efforts to increase the level of national participation by providing employment also struck a responsive chord in the minds of leaders in the English-speaking Caribbean, and seemed to provide a successful alternative model of development for some of them.

An evaluation of policy in Caribbean countries will with few exceptions^{27/} contain elements of these various streams of thought, although in different combinations and with different emphases both in time and in space.

Thus in the CARICOM countries we see developmental strategies based on 'industrialization by invitation' producing a range of light manufactured articles for the CARICOM market behind a tariff wall. In fact the strategy was only sustainable because a number of outside producers decided that it might be profitable to establish some minimal processing in order to overcome the tariff wall and enter the market. Any economies of scale that might derive from a broadening of the market were limited since, given the economies of scale required for modern efficient mass production the CARICOM market was itself too small, particularly when its purchasing power was taken into account and is tantamount to the belief that the Dominican Republic is a market of sufficient size to foster a viable industrial programme based on a closed domestic market. Moreover, since there was no co-ordination at the regional level there was a scramble by member states to produce the most obvious and therefore the same items for domestic production with the illogical assumption that they would also have a large share of the regional market. There was therefore no attempt at specialization based on efficiency criteria, with the result that massive over-capacity developed and the tendency to preserve markets for inefficient domestic producers was encouraged since they were incapable

of penetrating third country markets. Governments pre-occupied with employment considerations would not allow inefficient enterprises to fade out and so they became a burden on private consumers either directly or through government subsidies.

The second major plank of policy was the quest for national economic control or more elegantly stated "to control the commanding heights of the economy". Often the concept of control was used synonymously with ownership. Thus the quest by governments to acquire existing economic assets, even the declining economic assets. The arguments for National Economic Control were conditioned by the debate on Political control and the granting of Economic power and benefits to national élites. But they were also conditioned by a desire to reduce the risks and complexities attendant on participation in the international markets, and by a desire to reduce the iniquities of dualism. In this case there was a convergence with the goal of moving from Agricultural to Industrial production following the model popularized by Lewis. The arguments for national control essentially made the case for economic closure either total or partial, either national, or in a modified form, within the framework of a Caribbean Regional Market.

The third major plank of policy was employment, its preservation and its creation. Given the obvious high and growing unemployment and the trades union background of many of the political elites this preoccupation is easily understood. Nevertheless, the preservation of jobs was often used to justify the survival of inefficient enterprises and to justify the postponement of technological change. Thus when it was already obvious that the sugar industry was no longer internationally competitive, the opportunities to upgrade its efficiency were lost for

fear of the effect it would have on sugar cane cutters. The preoccupation with job creation was used to justify the establishment of enterprises that were not efficient and were in some cases net users of foreign exchange.

These three major planks of policy were only possible because up until the end 1970s (and in the case of Trinidad up until the early 1980s) large foreign exchange inflows, primarily from minerals, but also in tourism and sporadic agricultural commodity booms, could be taken for granted. Thus an inefficient import substitution programme was possible instead of one to earn foreign exchange on the world market, as had been the Arthur Lewis intention.

The arguments for economic insulation and closure were also developed in period of large foreign capital inflows. These inflows produced the conditions to justify economic nationalism since key growth sectors primarily in minerals, but also in some manufactures, had developed and were in the control of foreign hands. But it was also an availability of foreign exchange which permitted governments to acquire many of the economic assets in sugar, bauxite and the petro-chemical industries and it was this which allowed the growth of the government apparatus and public expenditures of the 1970s. It was abundant foreign exchange that allowed the subsidization of employment, latent in inefficient industry, overt in public works programmes.

The early 1970s provided a watershed. Foreign investment, primarily from the United States, had started to decline partly because the United States currency was no longer overvalued. At the same time the cost of energy started to increase drastically for those dependent on imported petroleum. The true significance of these developments was lost to Caribbean governments for some time, since one was a beneficiary of the

OPEC price increases, and others believed that for their products they would be able to emulate the OPEC example thus the spawning of producers associations such as GEPLACEA, UBEC and IBA for sugar, bananas and bauxite respectively. In the first case economic activity predicated on local or regional markets has been financed with the windfall gains from petroleum, up until the present. In the second case initial gains from emulating OPEC for example the Jamaican bauxite levy strengthened the tendency for economic isolationism and public sector control with the attendant rapid increase in public sector expenditures.^{28/}

In the early 1970s one therefore saw considerable surpluses from export commodities accruing once again to Caribbean countries. The difference in this instance was that the surpluses were now available in the form of government revenues. In both cases immediate efforts were made to increase the level of employment through public works programmes. In Jamaica the role and capability of Government was also significantly expanded i.e. government consumption increased. In Trinidad and Tobago the level of government investment increased significantly i.e. massive investments were put into place to increase downstream activities of the petro-chemical industry, though emphasis was seemingly placed more on the technical rather than the future financial viability of these enterprises.

By the mid-seventies OPEC policies had started to reduce economic activity in the developed countries, which accentuated the trend of reduced investment abroad and reduced their demand for imported minerals. The Caribbean oil importing countries (which were heavily dependent on oil for energy) were faced with dramatic increases in the price of imported

energy, first in 1973 but more seriously in 1979-1980, thus on the one hand creating staggering increases in foreign exchange expenditures and on the other hand reducing earnings by rendering energy intensive industries less competitive.^{29/} The philosophy of economic nationalism further accentuated the problem by justifying huge increases in the public sector with the concomitant effect on foreign exchange outflows, and at the same time creating uncertainty in the minds of potential foreign and local investors.

The paucity of foreign exchange served to focus attention on the fact that it had been used to subsidize employment and the growth of a non-productive public sector. The initial response of governments to this scenario was to further close their economies and to finance deficits on the assumption that the problems were essentially short-term. Governments also assumed that by so doing they could insulate the domestic environment from the changes taking place in the international economy. In fact these policies have only served to place Caribbean economies ten years behind their international competitors.

Some countries such as the Bahamas and the Netherlands Antilles chose different development strategies and moved directly into the export of services, mainly tourism, financial services, and petroleum refining. In the Antilles these were supplemented by ship repair and transshipment of petroleum. While these sectors are highly vulnerable to external economic conditions emphasis on the export of services has served these countries well, GDP/capita for the Netherlands Antilles being highest in the region and the Bahamas being third, just after Trinidad and Tobago, the only oil exporter in the region.

The Present Socio-economic Situation

Despite the different approaches tried by Caribbean governments the lasting impression is however the similarity of the outcome. For in the 1980s the structures and problems of most Caribbean countries are the same. In the 1980s most CDCC countries have faced chronic deficits in their balance of payments; and they are still dependent on one or a few internationally traded export products in which their comparative advantage is declining.

In the traditional agricultural crops this shift in comparative advantage was noted at the turn of the century in the case of sugar where the emphasis on production shifted from Jamaica, Barbados and Haiti to Cuba, the Dominican Republic and Guyana. Subsequently the shift has been away from Caribbean producers to non-regional sugar cane producers but mainly to other sources of sugar such as corn syrup and beet sugar. The fact that sugar continues to be produced in the Caribbean is due to preferential arrangements which have been negotiated to sustain prices on the one hand and the inability of the countries to find readily available alternative sources of foreign exchange on the other. Thus despite a conscious initial policy by Cuba, the main sugar producer in the region to reduce the role of sugar, the situation after more than 20 years is that sugar maintains its dominance. In 1958 Cuba's raw sugar production was 6.8 million tons from which it derived 80.6 percent of its export earnings but in 1980 it was 6.7 million tons and accounted for 83.7 percent of export income. It was nevertheless able to reduce the risk attendant on the world market for this commodity as well as its declining returns by negotiating preferential arrangements within the CEMA and mainly to the Soviet Union which in 1981 purchased 23 percent of their exports. For the latter half of the 1970s Cuba was able to obtain prices from the USSR for its sugar

averaging three times the world market price.^{30/}

Similarly, the CARICOM sugar producers were also able to negotiate preferential prices for its sugar under the Lomé Convention and some of those, as well as the Dominican Republic, benefited from the advantageous price paid under the United States Sugar Quota for sales to that market.

Table 1
Sugar Production
(¹000 Tonnes)

	1972	1981	Percent change
Barbados	113.3	94	-17.0
Cuba ^{1/}	5,763	7,926	+37.5
Dominican Republic ^{2/}	992	513.2	-48.3
Guyana	322.3	306	-5.0
Haiti	65.9	51.6	-21.7
Jamaica	380.8	205.	-46.2
Trinidad and Tobago	235.5	93.	-60.5

^{1/} Production figure for 1971.

^{2/} Exports.

Source: Various ECLAC country surveys.

Sugar thus remains an important though declining export industry for many Caribbean countries. Cuba, and to a lesser extent the Dominican Republic are still however dependent upon this commodity as its major source of export earnings.

Likewise ----- banana production has been suffering a decline in output despite preferential arrangements available to CARICOM producers. Once again the problem is a lack of price competitiveness and inferior quality control in the face of more recent producers mainly in Africa but also in Central America, and production is able to continue only because of special preferential arrangements in the United Kingdom market.

Table 2
Bauxite/Alumina Production
('000 Tonnes)

Country	BAUXITE			ALUMINA		
	1972	1982	% Change	1972	1982	%
Dominican Republic	1207.1	140.5	-88.3	-	-	-
Guyana	2392	1509.0	-37.0	266	170	-36.1
Haiti	705	622 ^{1/}	-11.7	-	-	-
Jamaica	12,372	8,521	-31.1	1805	1763	-2.3
Suriname	4751 ^{2/}	4125	-13.2	1130 ^{2/}	1248	10.4

^{1/} Sale of inventions prior to closure.

^{2/} Figures relate to production for 1975.

Source: ECLAC, IBRD.

The other mainstay of Caribbean export earnings, minerals, is also witnessing a shift in comparative advantage. In the case of bauxite/alumina Caribbean output has been affected by depleted ore in the case of

Haiti which no longer produces bauxite, but principally by a shift in energy costs which have made old smelting plants on the East Coast of the United States, for which Caribbean ore was destined, uneconomical. The reduced demand for alumina in OECD countries has necessitated a rationalisation of production, the structure of which will probably be significantly different after demand revives, than it was before. Comparative advantage will therefore shift to those countries having bauxite deposits in close proximity to cheap sources of energy, such as Australia, Venezuela, Brazil and Suriname.

In Trinidad and Tobago the only Caribbean oil producer, the output of crude oil peaked in 1977-78, and the decline in the 1980s is marked, an 11 percent decline between 1980-1981 followed by a further 6 percent decline in 1982. At the same time prices have softened in the international petroleum markets. A similarly depressed situation faces oil refineries located in the Caribbean which had been established to service the United States East Coast. A shift in sources of supply, demand patterns and energy strategy means that the opportunity of the current cyclical downturn is being used to establish new refineries on the United States mainland. It must not therefore be assumed that when demand revives the old refineries in the Caribbean will return to normal production.

While the focus has therefore been on world recession, with the assumption that conditions will return to normal once demand revives, this focus disguises the process of adaptation, change, and transformation which is underway and which will adversely affect the export earnings of Caribbean countries for the future.

The sale of services, primarily through the tourist industry is the most widespread earner of foreign exchange in Caribbean countries. The exceptions to this are Guyana, Suriname and Trinidad and Tobago. In all other countries it is being actively promoted.

In the 1980s Caribbean tourism has suffered from depressed economic conditions in OECD countries and strong price competition from adjacent destinations, such as Mexico. The industry is also sensitive to political events and the perceptions of prospective visitors regarding the prevailing attitudes of the host population, and government, to them. One or other of these factors has affected all Caribbean destinations. With few exceptions there has been a decline in tourist arrivals and in visitor expenditures. Increases in Jamaica are symptomatic of a recovery from previous years where political events depressed the industry. Similarly depressed conditions were to be observed in Grenada until recently. The political variable also helps to explain the relatively small size of the industry in Cuba, which in 1980 received almost 129,500^{31/} tourists, despite being the major Caribbean destination in the 1950s. Cuba nevertheless still receives almost 80 percent of its tourists from destinations which it defines as capitalist countries.

The growing influence of the services industries is to be noted in the Bahamas, and Netherlands Antilles primarily in services such as offshore banking and the registration of offshore companies. This latter activity, for example, earned over US\$171 million in revenues in Curaçao for 1983, a figure greatly in excess of the current income of any OECS government and compares with a current income of Barbados of US\$218 million in the 1982-83 fiscal year.

Table 3

Selected Foreign Earnings (1980)
(US\$m)

Country	Private Unequited Transfers	Balance on Travel Account
Dominican Republic	183.0	166.0
Haiti	31.3	50.6
Jamaica	81.7	229.0
Saint Christopher/Nevis	16.0	14.3
Netherlands Antilles	-45.3	578.8
Trinidad and Tobago	-64.9	11.6

Source: ECLAC, IMF.

Finally a word needs also to be said about the foreign earnings received from Caribbean people abroad, an item substantially covered by the heading Privied Unequited Transfers in the Balance-of-Payments tables. A comparison is made with earnings from tourism, in some selected Caribbean countries, to indicate its relative importance in the foreign earnings of those countries. (Table 3). The case of the Netherlands Antilles and Trinidad and Tobago is interesting since the negative flows are to the benefit of some OECS states, including Saint Christopher/Nevis, Grenada and Saint Vincent. While figures for remittances from Cubans living abroad are not available, efforts to encourage expatriate Cubans to visit Cuba peaked in 1979 when 102,000 Cubans returned for visits, in that year almost 54 percent of total visitors. The number of Cubans visiting their homeland has subsequently declined however and stood at 8,000 in 1982 or 7.6 percent of total arrivals.^{32/} The expatriate Cuban community nevertheless remains a significant source or potential reservoir, of foreign earnings for Cuba. It may also be noted that remittances are in some cases affected by political perceptions and those relating to the prevailing investment climate. In the case of Jamaica, remittances declined by 92 percent between 1970-1976 but increased by 728 percent between 1978-1982.^{33/}

Table 4

Summary of Balance of Payments 1980
(US\$m)

Country	Balance of Merchandise Trade	Balance on Current Account	Basic Balance
Barbados	-314	-19	20
Bahamas	-639	-13	-5
Cuba ^{1/}	-660	n.a.	n.a.
Dom. Republic	-558	-674	33
Haiti	-101	-108	-12
Jamaica	-75	-175.	69.
Grenada	-95	-42.	-1
Suriname	60.0	-58.	26
Trinidad and Tobago	592.	455	614
Netherlands Antilles	-735	18	27

^{1/} Millions of Cuban pesos. Anuario Estadístico 1982.

Source: ECLAC country reports.

Table 4 gives a summary view of the balance of payments of a representative selection of CDCC countries. With few exceptions, notably the only petroleum exporter Trinidad and Tobago, the balance on merchandise trade is negative, as is the balance on current account though earnings from services in this case tends to reduce the deficit.

Capital flows therefore form an important part of external financial activity, comprised of either direct investment flows, loans or grants. In the late sixties expansion in Caribbean countries was financed primarily by direct investment flows. In the latter part of the seventies and early eighties the latter two options have predominated, grants going mainly to the OECS countries Suriname and the Netherlands Antilles. For the larger countries the international

capital markets have provided the major source of balance of payments support with the attendant effect upon their debt.

Table 5
Selected Debt Indicators

Country	Debt as % of GNP		Debt service as % of exports of goods and services	
	1970	1980	1970	1980
Dominican Republic	14.5	17.5	4.5	21.5
Haiti	10.3	18.5	5.8	4.2
Jamaica	11.5	54.1	2.5	12.8
Trinidad and Tobago	12.5	9.0	4.4	2.2

Source: World Development Report 1982.

As Caribbean economies are export propelled the poor performance of the export sector had a significant impact on public finances, and levels of employment. In 1982 Domestic demand exceeded GDP in all countries for which data are available, except Trinidad and Tobago, and domestic savings were able to finance only a small part of domestic investment. In many countries recurrent public revenues were insufficient to sustain recurrent public expenditures.

As a result many Caribbean countries found it necessary to enter into agreements with the IMF either for standby Agreements; Compensatory Financing Facilities or Extended Fund Facilities, and there was by 1984 a general perception that Caribbean problems were structural and deepseated and would require some fundamental re-thinking of policy.

Policies for the Future

Table 6

Selected Caribbean Countries - Indicators of Openness
1981

Country	Imports ^{1/}	Exports ^{1/}
Barbados	71.0	61.3
Cuba ^{2/}	38.9	32.6
Dominican Republic	25.2	20.9
Jamaica	58.4	47.9
St. Christopher/Nevis	115.4	50.1
Saint Lucia	107.4	63.1
Trinidad and Tobago	31.5	38.8

^{1/} Goods and non-factor services as a percentage of Gross Domestic Product.

^{2/} Merchandise imports and exports as a percentage of Total Material Product.

Source: ECLAC, IBRD.

As will be noted from Table 6, which gives a representative sample of Caribbean countries, they exhibit a high level of openness which is explained by their small size and narrow resource base. As a result, they must specialize in the production of a relatively narrow range of goods^{34/} for export in order to be able to purchase the wide range of items that cannot be produced locally.

The choice of items for production is therefore critical so as to ensure that foreign exchange income is maximized. Policy for the past two decades has tended to focus on import substitution of manufactures, without notable success and there is now abundant evidence to show that it requires more domestic resources to save one unit of foreign exchange through local substitutes than to earn it through exports. Moreover, those tariff and quota policies which have been adopted in order to promote the substitution of locally assembled consumer manufactures for imported ones, have also had the effect of discriminating against the development of domestic food production, the area in which import substitution will be relatively efficient. Recent World Bank studies indicate that in the Dominican Republic it costs RD\$2 - RD\$4 to substitute for US\$1 of imports of manufactures, but RD\$1.05 - RD\$1.22 to earn one US\$ of exports. Moreover, in some agricultural export substitution activities, it costs less than one RD\$ to substitute for one US\$.^{35/}

While the examples cited relate to a particular case and while tariff and quota policies may vary in detail from one country to the next they are fundamentally quite similar. They have therefore produced a common scenario of stagnating export performance and increasing inability to satisfy the demand for food from domestic production. In the decade 1970-1980 the per capita cost of imported food increased by 30 percent.^{36/} This comment is of particular relevance to the CARICOM countries which have developed a set of high cost 'screwdriver industries' while penalizing intra-CARICOM agricultural development, an area of great potential trade. At the same time it needs to be recognized that the present and future potential of trade within CARICOM is relatively limited and export expansion will therefore need to be predicated on extra-CARICOM markets.

Further disincentives to export may also be seen in the foreign exchange regimes prevailing in most countries. With only a few exceptions parities are maintained at artificially high rates through administrative controls. This fact has been made more glaring and urgent in recent times because of the upward float of the US dollar to which most Caribbean currencies are pegged at a fixed rate. While an overvalued currency might not penalize some of the traditional export staples which are traded with specially negotiated arrangements it does -- penalize non-traditional exports in services such as tourism and in agriculture where a good potential for expansion exists. But a further disincentive to export is created by cumbersome administrative controls on its acquisition, which conversely also act as an incentive to capital flight.

For the most part public sector performance has been poor. In most cases the focus has been on non-productive or even counter-productive regulatory activities and public sector consumption has grown rapidly. In Jamaica, for instance, it has grown from 7 percent to 21 percent of Gross Domestic Product (GDP) between 1960 and 1980. For a comparable period it expanded from 9 percent to 17 percent of GDP in Trinidad. Concomitantly, Gross Domestic Investment which grew in Jamaica at an annual average of 7.8 percent per annum in the decade of 1960-1970 averaged minus 9.5 percent between 1970 and 1980.^{37/} Recurrent government expenditures will need to be reduced to liberate resources, both human and financial, for production. A careful look will need to be taken at the capacity as well as the efficacy of small states to sustain public sector structures which differ only in scale, from those existing in the large developed countries.

In cases where the public sector has become involved in productive activities performance has not been particularly encouraging. In its initial stages, projects are often not evaluated with sufficient rigour to ensure financial viability, particularly where the uncertainties of the international markets are concerned. Subsequently, they are not managed or monitored with enough rigour to ensure viability or they may be oriented to concealed, confused or conflicting goals, such as the provision of an implicit subsidy to the public.

Where it is deemed necessary for the public sector to become involved in productive investments, for example when the private sector is unwilling to take the risk, (although this risk evaluation is often correct, as proved by subsequent events) the necessary disciplines will need to be exercised to ensure that such enterprises can cover the opportunity cost of the necessary resources. These considerations are of course particularly relevant since the public sector in small states has a tendency to become involved in relatively large projects.

But large public sector projects are likely also to be severely constrained due to the inability of some governments to incur new external debt or, even where such funding is available, to provide domestic counterpart funds. At the same time the capacity of government to increase savings through increased personal taxes cannot be taken for granted since some countries already have a high tax burden, as measured by the percentage of income tax revenue to GDP. (Table 7).

Table 7

Tax Revenue as a Percentage of GDP

<u>Country</u>	<u>Tax burden</u>
Barbados	24.2
Dominican Republic	8.5
Haiti	9.2
Jamaica	28.8
Trinidad and Tobago	27.3

While the capacity to increase income taxes is uneven in the Caribbean the arguments as to whether to increase income or consumption taxes must be carefully weighted. Whatever the arguments may be, it is clear in all cases that domestic savings are inadequate to generate the levels of activity needed to reduce the high unemployment prevailing in most countries and so for the foreseeable future, external savings will need to be used as a supplement to domestic efforts. But foreign participation has some short-term benefits which might include up-to-date techniques and market information. In the form of joint ventures it also holds out the possibility of allowing local participants to acquire entrepreneurial and managerial skills and provides a hedge against risk. But in the final analysis structural transformation must mean greatly increased investment and this must imply a greater measure of domestic savings and reduced consumption. On the other hand it must also include an improved investment climate to make it easier and more profitable for local people to produce. Measures will need to be taken to channel investment activity into the required areas without the current stultifying bureaucratic procedures.

Public policy and planning will in sum need to be more sophisticated in the way in which the external sector is incorporated into development strategy. It must therefore strive to recreate an environment in which latent entrepreneurial talent will develop leading to an increase in productive investment, optimal utilization of resources and particularly to make use of those opportunities for export to third country markets.

Table 8
Selected Social Indicators

	Adult literacy %	Life expectancy	Fertility rate (1981)	Infant mortality (1981)	Unemploy- ment %
Cuba	95	73	2.2	19	-
Dominican Republic	67	62	4.6	66	20.25
Haiti	23	54	4.7	112	11.5 ^{1/}
Jamaica	90	71	3.8	16	25.9
Trinidad and Tobago	95	72	2.5	31	10.4

^{1/} A figure of up to 40 percent may be derived if underemployment is included.

Source: World Bank World Development Report 1983.

In any developmental effort special attention needs to be placed on the development of human resources, at the first level to provide the basic conditions of health and nutrition to enable people to live long and healthy lives, and at the second level to provide the opportunities for them to acquire the necessary skills in order that they may be productive. Table 8 sets out some social indicators of a representative sample of Caribbean countries. It will be noted that while some countries now attain indicators of primary health comparable to the developed

countries there is much which remains to be done in others. And while the indicators, for some countries show that formal education is high, it can be argued that development in the region is as constrained by a shortage of skilled labour, not to mention managerial skills, as by a shortage of capital. A significant portion of the population is denied access to productive employment simply because it lacks education or effective training. Many with high levels of education moreover are inappropriately trained as might be seen with the training of public sector economists rather than business graduates, an emphasis on control rather than production.

Caribbean countries have traditionally been dualistic in nature. The process of development has been presented by some as the transition from the traditional to the modern sector. What is now becoming clear is that this transition comes about not merely by the transplantation of factories or modern machines but is essentially a process occurring in the minds of men. It is therefore a long term, and a permanent task, since one is aiming at a moving target. 'Dualism' will therefore be a fact for a long time to come and any plans will therefore have to cater for lagging sectors. Policies will have to be sophisticated enough to tailor a set of measures to develop the modern sector based on trade to third countries while developing other activities essentially for domestic consumption and to maximize employment opportunities. A range of products will need to be found for this sector which can be produced with greater inputs of labour and relatively less technology/capital inputs. From this group might come new innovative products, but it must also be seen as one in transition to be absorbed over time into more productive activities.

For the purpose of this discussion the 'domestic' market is used to refer to the regional market, in the first instance to CARICOM, but ultimately to include the Caribbean in a wider sense. Good potential for economic activity exists in this area particularly in the production of goods to satisfy basic needs. The region would seem to have the potential to supply a larger part of its own food, clothing, shelter and cultural needs without significant inefficiencies.

Intra-CARICOM trade is presently constrained by a shortage of foreign exchange and began its decline in 1975, the year in which oil price increases first affected the balance-of-payments of Jamaica and Guyana. But the fact that austerity programmes impacted so significantly on CARICOM produced goods reflected certain underlying weaknesses in the structure of CARICOM production. In short CARICOM reflected a situation of various enclaves of national production extending into a regional market rather than planned regional production for the CARICOM market. For the future there will be the need for a more integrated regional market with greater intra-Caribbean competition for those products benefiting from a protected market.

The burden of earning foreign exchange will however need to be assumed by a growing modern export-oriented sector. This will encompass production of export agricultural crops both traditional and non-traditional, selected manufactured items, mineral exports and a growing services industry. Attitudes to the export sector will need to change, from the industrialists who prefer to bask in the warmth of protective tariffs for the regional market, to the planners and intellectuals who regard the export sector as a residual or peripheral area.

But most of all policies like the exchange control regimes which act as a disincentive to export production will need to be dismantled since they create precisely the ills they are designed to prevent such as foreign exchange shortages and flight of capital. The process of readjustment will need to be carried out with the greatest of sophistication however if further short run dislocations are not to be created.

Traditional export crops have been granted a reprieve because of special pricing arrangements and protected markets without which they would long since have disappeared in the Caribbean. To some extent maximum benefit has not been taken from these arrangements since they have had the effect of slowing down the necessary technological transformation. If these traditional exports are to survive in the long run they will need to be made more efficient.

Non-traditional high income elastic crops such as spices, horticulture and exotic fruit and vegetables hold a good potential for export to markets such as the US and the EEC. There is also scope for agro-industry based on locally-produced specialized foods, but even in the case of crops which have been produced locally for a long time new attitudes to quality control and market information will need to be developed if they are to compete successfully in developed country markets.

By world standards productive capacity in the Caribbean is minute so that specialization in novelty products becomes not only necessary but also beneficial in that such products earn the highest rents. It should be noted that all the now traditional export crops fell into this category in the early phases of their product cycle.

Such manufacturing production as might be viable might cluster around either indigenous raw materials or activities where existing traditional skills can be suitably updated and adapted to changing demand such as the garment industry. But similarly in this case it will be necessary to specialize i.e. high fashion tropical garments with a large component of hand labour.

Caribbean countries have on the whole made a relatively successful entry into the market for services. The attitudes and perceptions necessary to anticipate emerging trends and to capitalize once they are identified are however unevenly distributed in the region. These are developed not only by formal education but, as in the case of all activities in the highly fluid external markets, by constant exposure and awareness to market trends. Such exposure does not develop in countries which seek to close the channels of communication and trade with the world markets. In the initial stages, and because relatively small production runs might not be able to sustain large expenditures on market research the existing foreign and trade representatives might have to be reoriented to analyse demand trends and provide sales assistance in the developed countries for emerging domestic exporters.

The role of the CDCC

As the CDCC enters its tenth year of existence it retains a unique vision so well expressed by the late Dr. Eric Williams in May 1975, "to deal with Caribbean issues and circumstances and to embrace all Caribbean entities from Belize to Cayenne, irrespective of political status". The membership of CDCC is wider than ever before although it is by no means complete and more time will be needed before all potential actors in the Williams framework will be convinced about the benefits of participation. It provides the forum which will permit the largest grouping of small states, with diverse cultural origins, yet all presently so similar in composition and in the problems they must solve, to work together to fashion solutions for them. For as time passes it becomes clear that the peoples of the region are complementing their traditionally outward vision with an inward one in an attempt to resolve those uniquely regional problems determined by size, location and culture to which the outside has no convincing answer. So we see a potential grouping of 25 Caribbean entities perhaps with different constitutional arrangements, all seeking answers to the same fundamental issues and circumstances.

In a world in which the interaction between states and other international actors is becoming increasingly more complex and intense, all Caribbean states are no doubt anxious to know the future of their nation states as currently constituted. For while the boundaries of national jurisdiction are being eroded in even the largest states it is those small and open states of the Caribbean that face the most

serious consequences of this erosion. They will be the first to fall as casualties if this erosion cannot be halted. And if it is found to be an immutable process for the states the inhabitants of these islands will need to know what measures must be taken to preserve and develop those cultural and psychological elements necessary to sustain the future integrity of their societies.

The autonomy of small states might be threatened not only by the super-powers but also by emerging middle powers, and indeed by large organizations with legal or illegal motives, and even by disorderly bands of mercenaries.

While it is difficult enough to protect its land space the capacity to negotiate and effectively exploit the full potential of its marine space is beyond all but a very few Caribbean states. Moreover the power to protect it from the exploitation of others including the dumping of their hazardous wastes is something which has so far eluded them.

But erosion takes place not only in jurisdiction over land and marine space but also over the capacity to take meaningful national decisions. Their economies are highly vulnerable to the policies and levels of economic activity of major trading partners and many instruments of control exist more on paper than in reality. Moreover, the internal decisions of one or two interested companies might put most Caribbean countries into extensive economic difficulty. While in some cases this must be considered a legitimate risk which small countries must take to benefit from international trade it will nevertheless pose fundamental problems for those trying to pursue consistent economic policies.

Caribbean countries are therefore concerned not only with the limits of independence and sovereignty but also increasingly with the role and mechanisms of the state. They will need to evolve economical, efficient,

and accountable mechanisms to carry out those tasks that the state has been entrusted to perform. They will need to develop viable developmental models that will function in the face of their particular circumstances and that are capable of involving a significantly greater proportion of their populations in the mainstream of social and economic developments. And they will need to do so within a framework that will permit citizens to become increasingly more responsible for those decisions affecting their daily lives.

Developments in the field of science and technology now make the Caribbean accessible to the newest systems of communication. They hold the most enormous potential for the modernization of their societies. At the same time, the rapid changes in attitude and techniques which will develop as a consequence may mean the destruction of many aspects of a distinctive and rich culture. The alternative is to adapt the familiar cultural forms in such a way as to permit them not only to survive but to use the revolution in communications to benefit people of the Caribbean, as well as to enrich the lives of people elsewhere.

The foregoing are a few of the fundamental problems faced in greater or lesser degree by all Caribbean countries. There is at present no systematic dialogue on these matters in the region as a whole. Within various forums one or more of these issues might be raised but the inenviable march of events will force the leaders of these small states to react in haste and confusion to changes they did not foresee. It should not be wildly unrealistic to expect that after concentrated and co-ordinated effort by themselves, workable solutions to some of these questions might be forthcoming.

The original task of CDCC, to foster co-operation and co-ordination between the diverse countries of the region, remains valid. These modalities remain the most likely to arrive at rational solutions to common problems as well as the most efficient in maximizing those benefits to be derived from increasingly scarce resources. Co-operation and co-ordination and the development of regional approaches remain the most effective means for circumventing the limits to the absorptive capacities of small states. Development plans and policies that contain some minimal elements of co-operation and co-ordination are necessary to maximize the benefits to be derived from the regional market and to benefit from those resource complementarities which exist in the region and might make it feasible to penetrate world markets. As resources become more scarce Caribbean countries can ill afford the duplicative and un-co-ordinated, and sometimes conflicting, initiatives of many isolated actors.

In a situation of rapid technological change with the attendant need at the national level for structural transformation, governments with a crisis mentality cannot permit themselves to be seduced into believing that the solution lies in 'more of the same'. The danger of focusing solely on the short term is one to which governments of the region are particularly prone since most of them must face well informed and highly articulate electorates after relatively short periods of time. Activities which do not hold out the promise of short-term benefit have therefore tended to be relegated to a lower level of priority. But the underlying problems remain.

The CDCC provides a unique vantage point from which to monitor developments in the region as a whole, and therefore to perceive longer term trends and issues. This derives from its wide geographic spread, the multidisciplinary nature of its work programme and a growing research capability facilitated by the Caribbean Documentation Centre and the Statistical Data Bank which are integral parts of its secretariat. While the member governments might not therefore be able to make the resources available to fully explore long term issues it is a service which the secretariat, linked as it is with the wider network of UN human resources, might be entrusted to perform.

The CDCC and its secretariat in Port-of-Spain must not be judged by its capacity to transfer resources for short-term development. Its function is essentially to provide the vehicle for conveying Caribbean regional policy into the UN system to ensure that the output of that system is rational, efficient and co-ordinated. This is a major aspect of the terms of reference of the Regional Economic Commissions as mandated by General Assembly Resolution 32/197 which intends that they become "the main general economic and social development centres within the United Nations for their respective regions".

But Caribbean regional policy is still at an early stage of articulation. Economic and Social policy is not yet fully co-ordinated at the national level, and therefore the message conveyed through foreign policy tends to be ambiguous, and sometimes lacking in coherence. Moreover, the perception of the region as defined within the CDCC is not yet clear to all its members. While some recognise the region in its totality as a valid focus for certain types of regional initiative others only

recognise a part of it and even then only for closely circumscribed types of action for some specific acts. This incomplete perception is due in part to the fact that foreign policy is a relatively recent responsibility for most CDCC members and the first focus has tended to be placed on the major economic actors, sources of trade and finance. The problem is therefore in the nature of a cycle, underdevelopment results in a lack of adequately co-ordinated domestic policies which is reflected externally as national actors speak with separate voices. This in turn leads to ambiguous, duplicative and inefficient inputs from abroad into the domestic developmental process, which are therefore as a consequence rendered less effective.

It will therefore take some time before the full benefit to be derived from co-operation and co-ordination within the framework of the CDCC are fully understood and accepted and still longer before this perception can be translated into a working reality. In the interim, therefore, it is the responsibility of the CDCC Secretariat itself to fully understand and develop these concepts and the implications which flow from them, and with the support of those other committed governmental and institutional operatives sustain the ideal until such time as a sufficient level of political will can be mustered at the level of the governments to make these goals a reality.

FOOTNOTES

The Caribbean Development and Co-operation Committee

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- 1/ Wagley, Charles "Plantation America: A Culture Sphere"
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- 2/ Williams Eric. From Columbus to Castro. The History of
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- 3/ Op. cit. P.434.
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- 7/ Biervliet, Wim. Surinamers in the Netherlands from
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- 8/ Richardson, Op. cit.
- 9/ Moore, Thomas H. and Fauriol Georges A.
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- 10/ Thomas-Hope, Elizabeth. Off the island.
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- 12/ Moorer. Op. cit.
- 13/ Thomas Hope. Op. cit.
- 14/ Allman James. Haitian Migration: 30 years Assessed.
- 15/ Moorer and Fauriol. Op. cit.
- 16/ Roberts G.W. and Sinclair S.A. The Socio-Demographic
Situation in the English-speaking Caribbean.
- 17/ Williams, Eric. Op. cit.
- 18/ Roberts G.W. and Sinclair S.A. Op. cit.

The Caribbean - Its Structural Reality (CONT'D)

19/ Roberts G.W. and Sinclair S.A. Op cit.

20/ More complete information of Caribbean/Latin American co-operation is to be found in document E/CEPAL/SES.20/G.29.

The Quest for Economic and Social Development

21/ Anuario Estadístico de Cuba 1982. Pp.313-317.

22/ Lewis, W.A. The Industrialization of the British West Indies. Economic Development with Unlimited Supplies of Labour.

23/ Beckford, George L. Persistent Poverty - Underdevelopment in Plantation Economics of the World.

24/ Op cit. P.12.

25/ Best, Lloyd. Outline of a Model of Pure Plantation Economy. S.E.S. Vol. 17 - 1968.

26/ Beckford, G. Op cit. Pp. 210-232.

27/ A very few countries, such as the Bahamas and the Netherlands Antilles, seemed to have escaped these influences.

28/ Public sector recurrent expenditure increased in Jamaica between 1973 and 1982 by 435 percent and in Trinidad and Tobago by 1348 percent. In Barbados, a country which had no significant mineral resources, the increase was 348 percent. (Source: ECLA Economic Activity in Caribbean Countries various years).

29/ In Jamaica the burden of energy costs can be seen by the fact that energy imports increased from 11 percent of merchandise exports in 1960 to 51 percent in 1981. The figure for the Dominican Republic in 1981 was also high at 40 percent. (Source: World Bank Development Report). In Cuba the increase was from 11 percent in 1970 to 27.5 percent in 1981. (Source: Anuario Estadístico 1982).

30/ Economic Survey of Latin America 1981. P.304. (E/CEPAL/G.1248), November 1983.

31/ Anuario Estadístico de Cuba 1982. P.511

32/ Anuario Estadístico de Cuba 1982. P.511

The Quest for Economic and Social Development (CONT'D)

- 33/ ECLA Economic Surveys - various years.
- 34/ In Trinidad petroleum exports represent 92.3 percent of total export earnings. In Cuba sugar products earned 79.1 percent of total merchandise export earnings and in Jamaica bauxite/alumina accounted for 76.3 percent of merchandise export earnings, and so on. All figures are for 1981.
- 35/ World Bank Report No. 4735-DO. Page iii.
- 36/ Production of Food for Consumption or Export (CDCC/PWG/A83/1). Page 1.1.
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